



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



FILE COPY

DARLENE GREEN  
Comptroller

DR. KENNETH M. STONE, CPA  
Internal Audit Executive

*Internal Audit Section*

Carnahan Courthouse Building  
1114 Market St., Room 642  
St. Louis, Missouri 63101  
(314) 622-4723  
Fax: (314) 613-3004

June 25, 2009

Jennifer Bess, Executive Director  
Bevo Area Community Improvement Center  
4705 Ridgewood Avenue  
St. Louis, MO 63116

RE: Community Development Block Grant (CDBG) (Project #2009-CDA42)

Dear Ms. Bess:

Enclosed is a report of our fiscal monitoring review of the Bevo Area Community Improvement Center, a not-for-profit organization, CDBG Program, for the period January 1, 2008, through November 30, 2008. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Bevo Area Community Improvement Center. Fieldwork was completed on December 8, 2008.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the Community Development Administration (CDA) to provide fiscal monitoring to all grant subrecipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M Stone, CPA  
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA  
Lorna Alexander, Special Assistant for Development, CDA



# CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**BEVO AREA COMMUNITY IMPROVEMENT CENTER  
COMMUNITY BASED DEVELOPMENT ORGANIZATION (CBDO)**

**CONTRACT #08-12-65**

**CFDA #14.218**

**FISCAL MONITORING REVIEW**

**JANUARY 1, 2008 THROUGH NOVEMBER 30, 2008**

**PROJECT #2009-CDA42**

**DATE ISSUED: JUNE 25, 2009**

**Prepared by:  
The Internal Audit Section**



# OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
BEVO AREA COMMUNITY IMPROVEMENT CENTER  
COMMUNITY BASED DEVELOPMENT ORGANIZATION (CBDO)  
FISCAL MONITORING REVIEW  
JANUARY 1, 2008 THROUGH NOVEMBER 30, 2008**

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## **INTRODUCTION**

### **Background**

**Contract Name:** Bevo Senior Center Services

**Contract Number:** 08-12-65

**CFDA Number:** 14.218

**Contract Period:** January 1, 2008 through December 31, 2008

**Contract Amount:** \$30,000 (original) \$80,000 (revised)

The contract provided Community Development Block Grant (CDBG) funds to the Bevo Area Community Improvement Center (Agency) to provide valuable services to seniors and other residents of the Bevo neighborhood, including assistance with tax forms, outreach services, blood pressure screenings and recreational activities.

### **Purpose**

The purpose of the review was to determine the Agency's compliance with federal, state, local Community Development Administration (CDA) requirements for the period January 1, 2008 through November 30, 2008, and make recommendations for improvements as considered necessary.

### **Scope and Methodology**

Inquiries were made regarding the Agency's internal controls relating to the grant administered by the CDA. Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on December 8, 2008.

### **Exit Conference**

The Agency was offered the opportunity for an exit conference, but the Agency declined.

### **Management's Response**

The management's responses to the observations and recommendations identified in the draft report were received from the Agency on June 22, 2009. These responses have been incorporated into this report.

## **SUMMARY OF OBSERVATIONS**

### **Conclusion**

The Agency did not fully comply with federal, state and local CDA requirements.

### **Status of Prior Observations**

The Agency's previous fiscal monitoring report, Project #2009-CDA42, issued October 15, 2008, contained one observation.

- Agency did not maintain potential participants' records adequately. **(Resolved)**

### **A-133 Status**

According to a letter received from the Agency, it did not expend \$500,000 or more in federal funds in its fiscal year ended June 30, 2008, and was not required to have an A-133 audit.

### **Summary of Current Observations**

A recommendation has been made for the following observation, which if implemented, could assist the Agency in complying with federal, state and local CDA requirements:

- Opportunity to improve board of director's oversight to Agency's operations

## **DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES**

### **Opportunity to Improve Board of Director's Oversight to Agency's Operations**

Based on the review of the Agency's Board of Director's (Board) minutes there was no evidence that the Board reviewed financial reports or federal grant expenditures.

The Board should provide adequate oversight to the Agency's operations to facilitate sound business management decisions and an acceptable level of internal control over compliance with the federal grant and its requirements.

The Board appeared to not aware of its oversight responsibility to the Agency's activities.

The lack of the Board's oversight may result in the:

- The Agency not meeting the objectives of the grant agreement because of the lack of a business plan and a clear line of responsibility and accountability.
- The lack of an acceptable level of internal controls to prevent and detect errors and irregularities.
- Mismanagement and or misappropriation of grant funds

### **Recommendation**

We recommend that the Board fulfill its fiduciary responsibilities to oversee the Agency's operations by regularly reviewing its grant activities, financial and otherwise, to ensure compliance with the requirements of the CDBG grant agreement.

### **Management's Response**

*Financial Reports are reviewed regularly at Board meetings. Currently Board of Director's minutes are not stored in house to readily prove this point to monitors. I have alerted the Board of Directors that Board minutes be stored in house. I will follow up on that request at our June 24, 2009 board meeting and advise them of your recommendation.*